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CASINO CONTROL COMMISSION 1990 ANNUAL REPORT

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Governor
James J. Florio

The 1990 Annual Report of
the New Jersey
Casino Control Commission
is submitted to the Governor
and to the members
of the New Jersey Legislature

Casino Control Commission 1990
fromleft: James Hurley, W. David Waters, Valerie H. Armstrong, Frank J. (Pat) Dodd, Steven P. Perskie

CHAIRMAN'S REPORT

Steven P. Perskie

The past year, twelve years after the start of casino gaming in this state, was a time of vast change – in Atlantic City, in the casino industry, and in the Casino Control Commission

It was a year that saw the face of casino gaming in Atlantic City change with the opening of the Taj Mahal. It was a year that saw the start of a complete overhaul of the regulatory system. It was a year that witnessed a change in approach toward casino supervision in this jurisdiction. It was also a year of great change within the commission itself.

It was also a time that assuredly guarantees more changes in the year ahead.

Underlying these sweeping changes is a commitment to adhere rigidly to the integrity levels established and maintained since the 1978 advent of casino gambling in Atlantic City, while at the same time creating a climate of regulatory reform that will allow the casinos here to compete on a level playing field with other states and with other forms of recreation.

The need for an overhaul of the regulatory system became more compelling in the final months of the year as a slumping economy in the northeastern section of the country made inroads into the financial well-being of the casinos.

While there can never be any concessions on integrity matters, the future of Atlantic City as a tourist attraction and as a destination resort hinges on the ability of the gaming houses to market the casinos and respond to competitive challenges with a minimum of delay.

The need for help was dramatized during the year as profits fell in virtually every casino and with one casino forced into bankruptcy proceedings as part of a financial restructuring move necessary to continue operations.

The commission moved rapidly in the latter months of the year on three fronts in an effort to make the regulatory system more flexible while at the same time maintaining tight control over monitoring the games and accounting for the billions of dollars that flow through the casinos.

A task force headed by General Counsel Daniel Carluccio, which includes representatives of the commission and Division of Gaming Enforcement staffs and industry representatives, was created to review all the regulations now in place. The task force is charged with the responsibility of determining which regulations may have become obsolete or unnecessary or, conversely, which regulations need to be strengthened.

The task force is expected to report its findings to the full commission for action on a regular basis during 1991.

The commission also began drafting several amendments to the Casino Control Act designed to give the industry wider latitude in operating the casino hotels. It's important to remember that none of the proposed amendments deals with integrity issues; but rather the amendments are designed to permit the industry to make business decisions without delay and with minimal contact with state regulators.

The thrust of the amendments, which will be presented in early 1991, would give the commission greater control over the types of games to be played and the hours of operation but less control over the hotel facilities. Among the more significant decisions is the recommendation to permit more slot machines to be used in place of table games.

The third major step undertaken was the reorganization of the commission staff. The new staff structure, which is smaller by 88 people and cheaper by $2.1 million, is designed to enable the staff to be more responsive to the problems of the 1990's without lessening the commission's traditional emphasis on integrity issues.

A smaller workforce was set in place at the end of the year and will emphasize the commission's determination to ensure compliance by the industry with all licensing and financial requirements. There will be a de-emphasis on collecting statistical data and a greater insistence on compliance while still providing the industry with more latitude in its business operations.

The decision to streamline the staff and to move away from any involvement in purely business decisions by the commission is designed to provide a stronger basis for the redevelopment of Atlantic City as a viable and attractive resort.

Working with the newly formed Governor's Coordinating Council and the Casino Reinvestment Development Authority, the commission expects to take a more active role in regaining Atlantic City's prominence as a premier convention city.

Many of the earlier promises of casino gambling have been fulfilled. Certainly, there are more jobs today in Atlantic City and more than 11,000 companies, most of them from New Jersey, provide goods and services to the casinos. And assuredly, the tax ratables have grown during the past decade.

But the promise of a better lifestyle for the residents of Atlantic City is still outstanding. The need for better housing, newer schools, improved infrastructure, a more attractive city in which to live and work are long overdue, but with the convergence of all the necessary forces in 1991 prospects for great progress in these areas are brighter than ever before.

To paraphrase Mark Twain, reports of the death of Atlantic City are greatly exaggerated. Notwithstanding the growth of gaming in Nevada and other parts of the nation and the hemisphere, Atlantic City's future is far from bleak. The commission is prepared to provide the leadership which will enable the promises of 1976 to be fulfilled.

DIVISION OF FINANCIAL EVALUATION AND CONTROL

The Division of Financial Evaluation and Control addressed a wide variety of unique operational gaming matters and complex financial issues requiring commission approval in response to the industry's changing needs and more sophisticated technology.

The Accounting and Operations Unit, supervised by Barbara Mattie, directed its efforts to implementing regulatory changes to provide the industry with needed flexibility as well as several innovative gaming changes proposed by the casinos.

Unit analysts prepared regulatory amendments to permit casinos to issue credit to slot machine patrons from the cashiers' cages, slot booths, slot carousels, coin redemption windows or directly to a patron at a slot machine. The changes are expected to be in use in early 1991.

The unit also developed internal control procedures for the use of automated coin redemption machines. A 90-day test was conducted during the last weeks of the year and it is expected that the equipment will be in use industry-wide in 1991.

Working in conjunction with the Inspection Unit and outside agencies, the Operations Unit streamlined the review and approval procedures regarding any modification to the casino floor, thus reducing the time an applicant must wait before such changes can be made.

The unit analysts also assisted Resorts International in implementing table game variations including five times odds at Craps and Double Spot Blackjack and Five Cards totalling 21 at Blackjack. The unit was also involved with the introduction of Megabucks, the multi-casino progressive slot machine game and also with the development of procedures for Quartermania.

(Editor's note – The division reports in this Annual Report conform to the 1990 organizational structure. The Commission staff was restructured in January 1991 and the changes will be reflected in the next Annual Report.)

The impact of the economic slowdown on the industry was evidenced by the analyses performed by the Financial Evaluation Unit. The unit, under the direction of Deborah M. Algor, provided the commission with in-depth analyses of the corporate restructuring plan of Holiday Corporation, the Chapter 11 restructuring of Resorts International and the Trump Organization's debt restructuring.

In addition, the unit also examined the suitability of eight casinos, including Taj Mahal, for licensure or relicensure.

During the latter half of the year the unit conducted a thorough review of the standardized financial statements and statistical forms necessary for the compilation of data used in casino analyses. These reporting requirements will be streamlined in 1991 to lessen the burden on the industry as well as to enhance the information to be incorporated into the commission's financial data base.

The Inspection Unit under Chief Inspector Rochelle Jefferson continued to ensure the integrity of casino operations by monitoring the counting of money from table games and slot machines. The Inspection Unit handled more than 3,300 informal complaints and 800 formal complaints relating to table game or slot payoffs, bus coupon disputes and other casino-related matters. The staff also helped to resolve more than 900 table game inventory discrepancies and another 900 deviations from internal controls, gaming equipment or rules of the game.

The opening of the mammoth Taj Mahal was one of the highlights of the year for the Financial Division. The Operations Unit and Inspection Staff combined to devote considerable resources to the planning, preparation and test period leading up to the April 2 opening.

In accordance with a recommendation made in the independent audit performed by Cresap, the Inspection Unit realigned its staff responsibilities to reduce the size of the staff by approximately 11 percent during the year. Additional procedural modifications will result in further reductions in 1991 while still maintaining essential levels of review and control of the casino activities.

The Accounting Unit supervised by Teresa B. Gervasio was responsible for collecting $228 million in gross revenue taxes and the assessment, collection and deposit of $58 million in fees from casinos, service industries and casino employees in the Casino Control Fund.

The accountants continued to improve the collection of monies due the fund by utilizing the state Division of Taxation's Set-off of Individual Liability Program under which an individual's income tax refund or homestead rebate can be used to satisfy an outstanding obligation to the commission. This program enabled the commission to resolve a number of outstanding accounts resulting from bad checks issued by individual license applicants.

The Audit Unit under Michael Wozniak reviewed 58 petitions for record storage and destruction. An updated summary of commission decisions on records destruction was released to the industry to facilitate relief for the casinos while preserving the state's regulatory needs.

DIVISION OF AFFIRMATIVE ACTION AND PLANNING

The Division of Affirmative Action and Planning was actively involved in evaluating the efforts of the casino industry concerning its compliance with equal employment opportunity and affirmative action regulations.

The division also assisted the commission members in assessing the impact of casino gambling on Atlantic City and the surrounding region.

The Casino Unit under Deborah Boykin-Greenberg provided the commission with a comprehensive analysis and documentation of the affirmative action performance of the industry's 12 casino hotels. By the end of the year, the industry employed 43,399 fulltime workers, of whom 19,679 were females and 17,736 were minorities.

Of the casino industry's 8,463 officials and managers, 3,278 were females and 1,897 were minorities. Of the 13,036 casino employees earning in excess of $25,000 per year, 4,245 were females and 2,913 were minorities. The commission plans to push for substantial improvement in the compliance statistics in the coming year.

TOTAL INDUSTRY EMPLOYEES BY EEO CATEGORY
(INCLUDES FULL TIME EMPLOYEES ONLY)
CASINO HOTEL INDUSTRY AFFIRMATIVE ACTION COMPLIANCE LEVELS
FOR THE YEAR ENDING DECEMBER 31, 1990

EEO CATEGORY	Total Employees	Females		Minorities	
OFFICIALS & MANAGERS	8463	3278	39%	1897	22%
PROFESSIONALS	6685	2861	43%	2288	34%
TECHNICIANS	855	219	26%	176	21%
SALESWORKERS	435	304	70%	145	33%
OFFICE & CLERICALS	7199	5381	75%	3236	45%
CRAFTPERSONS	1397	156	11%	291	21%
OPERATIVES	1173	236	20%	413	35%
LABORERS	1495	448	30%	1071	72%
SERVICE WORKERS	15697	6796	43%	8219	52%
TOTAL	43399	19679	45%	17736	41%

The commission held hearings to assess the industry's good faith efforts in attracting minority and female-owned businesses to participate more fully in the industry and found all licensees in compliance.

During the past year the industry purchased $30.9 million in goods and services from 113 certified minority and female owned firms. The amount represents three percent of the industry's total net disbursements for goods and services.

Staff developed a computerized data base of certified minority and female owned business firms which was made available to every casino hotel. The data base allows the user to select groupings of vendors based on the type of goods or services supplied.

In addition the data base contains other pertinent information including names, addresses, phone numbers, contact person, MBE or WBE status and firm's Casino Control Commission vendor number. The vendor number indicates that the firm has done previous business with the industry.

Under the division's complaint referral system, 334 complaints were received during the year. Of this number 154 were EEO-related, 11 involved casino patrons, 103 were employee complaints, and 66 were non-employee complaints.

Of the 154 EEO complaints, five involved sexual harassment, 18 involved sex discrimination, 17 involved handicapped discrimination, 53 were involved with racial discrimination, four involved creed discrimination, 21 involved age discrimination and 14 were based on national origin discrimination.

Complaints were referred to the casino equal employment officer, the Division of Gaming Enforcement, and several other governmental agencies.

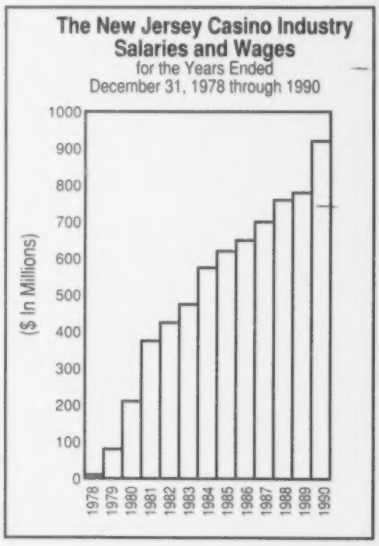
In February the division convened a seminar concerning the employment of disabled persons in the casino hotel industry. Individuals representing every casino and more than 30 community organizations attended the presentation. The seminar was conducted by representatives of the Industry-Labor Council, National Center on Employment and Disability, Human Resources Center.

The Construction and Industry Unit headed by Marvin Askins was actively involved in monitoring the construction workforce performance at all 12 casinos. Major projects monitored by the staff included the completion of construction at the Taj Mahal, the renovations at Resorts International and the completion of parking garages at Caesars and Bally's Park Place.

Analysis of the aggregate industry-wide construction workforce at year's end indicates that minorities represented ten percent of the workforce while the female workforce remained unchanged at one percent.

The Planning Unit headed by Barbara Lampen was responsible for assisting the commission in evaluating the impact related to the development of casino hotels and related facilities on Atlantic City and the surrounding region. The unit was responsible for reviewing impact statements, required of each casino licensee, which analyze the effect of the casino hotel on the overall regional environment.

Throughout the year staff provided continuing technical and administrative assistance to various committees involved in developing solutions to the industry's employee turnover problem, recruitment of older workers and improving the operation of the MBE and MBE programs.



LICENSE DIVISION

The License Division administers portions of the Casino Control Act governing regulations and policies relating to casino hotel facilities, alcoholic beverage control, employee and enterprise licensing.

The Employee License Bureau under John I. Bowman accepted 16,934 applications for employee licenses, 13,667 renewal applications and 4,612 requests for position additions. The bureau also processed 10,520 hotel employee registrations.

Activities at the beginning of the year centered around the opening of Taj Mahal. In an effort to increase efficiency during the opening, employment information was transferred to the commission's database through computer diskettes provided by the Taj Mahal, rather than through data entry.

It is anticipated that this method of data transfer will continue to be used to enter employment information into our system. This system is faster and more economical.

The bureau also began providing information back to the casinos via computer diskettes. A variety of listings previously available only through hard copy is now provided to the casinos by computer. The staff has been able to generate these reports by using existing software programs.

The bureau staff also has been involved in the development of a data processing system that is shared by the commission and the Division of Gaming Enforcement. This system, which eliminates the need for both agencies to input employee data, should be fully implemented by early 1991.

In addition, the bureau has been involved in a review of casino industry job description license and registration requirements. This review has been conducted in conjunction with representatives of the industry, the Casino Association of New Jersey and the Division of Gaming Enforcement. A number of positions have been reclassified with the greatest number being downgraded from casino employee requirements to hotel employee. As a result those employees will need a lesser license and pay a smaller fee.

The Enterprise License Bureau under Mark A. Tucci implemented several streamlining initiatives.

Under newly delegated authority the staff has been able to process more efficiently: the issuance and renewal of non-gaming Casino Service Industry (CSI) licenses; the withdrawal of non-gaming related CSI applications; the vacating of commission orders that prohibit the transacting of business between certain vendors and the industry after the companies have fulfilled the statutory and regulatory requirements and the expedited processing of approvals for transactional waivers.

The bureau was involved in recommending and implementing the commission-approved field of commerce exemptions for insurance companies, attorneys, and certain qualified financial sources. This change should result in fewer petitions for exemptions being filed with the commission.

Other achievements included the facilitating of the approval of a joint purchasing proposal by three casinos; adopting the Department of Commerce certification status of minority-owned and female-owned businesses; working with representatives of the industry and the DGE on a vendor registration and financial reporting system for construction subcontractors, and activating an on-line data query system developed by OTIS which has improved the staff's ability to retrieve critical information.

During the year 3,184 vendor registration forms were filed for non-gaming companies and 498 casino service industry license applications were filed.

The Enterprise Bureau continues to monitor the financial transactions of more than 10,000 companies which provide goods and services to the industry in excess of $2 billion annually.

The Licensing Division also has project oversight for all new construction and expansion and was deeply involved in the opening of the Taj Mahal. The new casino includes a 120,000 square foot casino with 1,250 sleeping rooms and 246,000 square feet of public space plus two garages with a capacity for 3,500 vehicles.

A computerized tracking system was expanded by the Document Control Unit under Gail Verboczki to identify the location of any file at any given time. A total of 27,900 files were opened during last year.

Because of the confidential nature of the information provided by license applicants and vendors, it is essential that the file system be secure and the location of the files be known at all times.

CASINO SERVICE INDUSTRY TOTAL VOLUME OF BUSINESS - 1990

	Total Companies	Percent of Total Companies	Dollar Volume of Business[1]	Percent of Total Business
All Enterprises on Master Vendors List	10,185	100%	$2,021,628,903	100%
New Jersey Enterprises[2]	4,033	39.6%	1,400,535,349	69.28%
Pennsylvania Enterprises	1,473	14.46%	164,805,237	8.15%
New York Enterprises	1,586	15.57%	139,846,910	6.92%
Delaware Enterprises	54	0.53%	2,756,189	0.14%
All Other States	2,875	28.23%	299,944,899	14.84%
Foreign Enterprises	164	1.16%	13,740,319	0.68%

[1]"Dollar Volume of Business" represents only those monies paid by casino licensees for goods or services. This figure does not include such payments as governmental taxes, fines and fees to the Casino Control Commission, charitable contributions, guest losses or court garnishments.

[2]Numbers reflect the states in which the offices serving hotel/casinos are located and may not be the states in which the enterprises are incorporated or have a home office.

CASINO SERVICE INDUSTRY TOTAL VOLUME OF BUSINESS - NEW JERSEY FIRMS

	Total Companies	Percent of Total Companies	Dollar Volume of Business	Percent of Total Business
New Jersey Enterprises	4,033	100%	$1,400,535,349	100%
Atlantic	1,768	43.84%	1,111,438,783	79.36%
Bergen	210	5.21%	17,973,706	1.28%
Burlington	223	5.53%	32,547,188	2.32%
Camden	450	11.16%	52,362,385	3.74%
Cape May	164	4.07%	7,007,467	0.5%
Cumberland	109	2.7%	13,777,255	0.98%
Essex	138	3.42%	59,888,062	4.28%
Gloucester	100	2.48%	5,048,320	0.36%
Hudson	97	2.41%	16,552,309	1.18%
Hunterdon	10	0.25%	16,779	0.001%
Mercer	87	2.16%	13,701,054	0.98%
Middlesex	133	3.3%	13,520,261	0.97%
Monmouth	120	2.98%	5,832,961	0.42%
Morris	78	1.93%	2,861,318	0.2%
Ocean	116	2.88%	5,155,190	0.37%
Passaic	75	1.86%	5,099,027	0.36%
Salem	8	0.2%	73,612	0.01%
Somerset	29	0.72%	14,683,079	1.05%
Sussex	8	0.2%	83,691	0.01%
Union	107	2.65%	22,868,064	1.63%
Warren	3	0.07%	44,838	0.003%

LEGAL DIVISION

The Legal Division defended the commission's actions against a variety of legal challenges in state and federal courts.

In litigation handled by Senior Assistant Counsel David Missimer, the United States Supreme Court rejected a challenge by a senior casino executive to the provision of the Casino Control Act which prohibits political contributions by casino licensees and certain of their employees.

This denial made final the judgment of the Appellate Division of the New Jersey Superior Court, which found that the statute does not violate the first amendment rights of casino employees, and which upheld a commission ruling interpreting the provision.

In a case of first impression involving the applicability of the confidentiality provisions of the Casino Control Act in contested case hearings, Senior Assistant Counsel Steven M. Ingis persuaded the New Jersey Appellate Division that, in the interest of preserving and fostering public confidence in the integrity of the regulatory process, the public's right of access to evidentiary material at a hearing would ordinarily be paramount to a request to seal such information.

The Legal Division represented the commission before the United States Bankruptcy Court as a result of a petition for reorganization filed by the parent company of Resorts International Hotel, Inc.

Under the supervision of Deputy Director John R. Zimmerman, Assistant Counsel Leonard DiGiacomo urged the bankruptcy court not to approve Resorts' reorganization plan because of a provision that would have restricted the commission's authority to regulate a casino licensee and its holding companies, either during or after bankruptcy. Although the court confirmed the plan, it permitted the commission to reserve the right to challenge the offending provision.

The Legal Division also successfully defended other commission decisions in the Appellate Division, including ordering a casino employee to make restitution of a progressive jackpot which had been won while gambling in violation of section 100(n) of the Casino Control Act and denying a license application of a construction firm whose chairman was found to have committed commercial bribery.

In other litigation handled by Senior Assistant Counsel Dennis Daly, the commission had its first opportunity to interpret its credit regulations since their sweeping revision in March 1986. In a landmark decision, the commission found that TropWorld and two of its officers violated numerous sections of the credit and collection provisions, and because of the gravity of the violations, prohibited TropWorld from issuing credit to any patron for three specified days in August. This case is presently on appeal.

In another matter, the commission for the first time decided a case involving the equal opportunity requirements of the Casino Control Act and commission regulations. The commission found that Boardwalk Regency Corp. intentionally discriminated against five employees when it reassigned them to other stations to accommodate the perceived preferences of a gaming patron.

In other matters, the Legal Division counseled the commission during hearings regarding regulation of institutional investors, an application for the financial and corporate restructuring of the holding company of Harrah's casino facility, and a petition requesting a debt restructuring for the Trump casino entities.

Senior Assistant Counsels E. Dennis Kell and Catherine Walker represented the commission during affirmative action hearings involving Resorts and TropWorld, as well as a variety of matters involving the interim casino authorization process.

Attorneys in the division processed approximately 1,292 contested applications for casino employee and casino key employee licensure, applications to revoke casino hotel employee registrations, complaints against casino and individual license holders, and applications for placement on the lists of persons excluded from casino hotels.

ADMINISTRATIVE DIVISION

The Administrative Division has continued to provide all necessary support services for the commission while being deeply involved in the relocation of the staff to Atlantic City.

The initial phase of the move took place in October when the commissioners and some members of their staffs were moved from Lawrenceville. Plans have been formulated to bring the remainder of the personnel to Atlantic City early in 1991.

The Budget and Fiscal Office drafted a no-growth budget in non-salary items budgeted for Fiscal 1992, marking the sixth consecutive year without an increase in non-salary items.

The FY 1992 budget request of $23.1 million reflects an 13.7 percent decrease from the Fiscal 1991 spending level, consistent with the governor's mandate. Approximately 82 percent of the budget is dedicated to funding of salaries and benefits.

It is interesting to note that regulatory cost for Fiscal 1990 for the commission was $24.9 million. A comparison of that figure with the Fiscal 1990 gross revenues of $2.8 billion for the industry indicates that less than one percent of gross revenue was spent on commission costs.

In Fiscal 1990 the Budget and Fiscal Office exceeded the state-mandated goals in issuing contracts to small business and female-owned firms. It missed the goal on minority business enterprises by approximately one half of one percent.

Final figures showed that more than 78 percent of all available business contracts were issued to buyers who are either qualified or pending final qualification for these programs.

The dollar value of all discretionary non-salary expenditures approximated $1.4 million of which $986,000 was spent with Set Aside companies. This represents a one percent increase compared with the previous year.

Significant savings in data processing costs continue to be realized through the use of in-house minicomputer systems. Two such systems are used to maintain important records that include cost accounting, petition tracking, personnel records and time-keeping.

Additionally, the commission has implemented an electronic mail system that has improved office productivity. The new system provides a secure, fast means of transmitting office correspondence and has made possible a dramatic reduction in the number of paper documents in circulation.

The Personnel Office, in addition to its normal duties, conducted a Job Fair during November to assist in the placement of commission personnel who may be unable to relocate when the commission moves its base of operation to Atlantic City.

Through the efforts of the personnel staff many commission employees were able to transfer to other state agencies. Efforts to help relocate staff members who because of family or financial commitments are unable to move to Atlantic City will continue.

The Administrative Practices Unit provided the necessary support for the commission's 90-plus regular and special public meetings during the year.

This office which is responsible for the official records of the commission provided more than 4,900 documents, totalling 155,750 pages, to the public under the Freedom of Information Act, thus generating $18,966 in revenue.

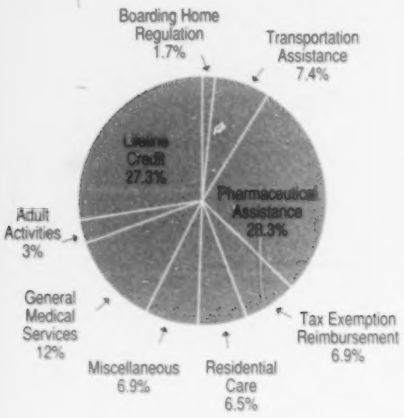
CASINO CONTROL COMMISSION VOLUME OF CONTRACTS ISSUED IN FY 1990

	Contracts Issued	Percent Total #	Dollar Volume of Contracts	Percent Total $
Total Contracts Issued by The CCC FY 1990	1,165	100%	$1,358,592.15	100%
Contracts Issued To Non-SBE, WBE & MBE	251	21%	$372,301.56	27%
Contracts Issued To Small Business Enterprises	538	46.2%	$337,448.94	24.8%
Contracts Issued To* SBE's Pending Application Approval	254	21.8%	$520,514.07	38.3%
Contracts Issued To Female Business Enterprises	47	4%	$76,953.52	5.6%
Contracts Issued To Minority Business Enterprises	75	6.4%	$51,374.06	3.8%
Total Set Aside Activity	914	78.4%	$986,290.59	72.5%

*Application for SBE, MBE or WBE status pending approval by the Department of Commerce and Economic Development.

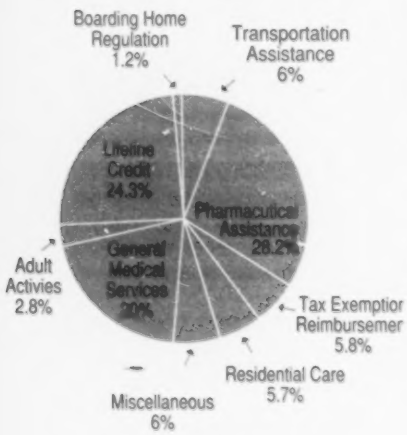
CASINO REVENUE FUND

Casino Revenue Fund Disbursements
July 1, 1988 through June 30, 1989



TOTAL EXPENDITURES–
$239.5 MILLION

Casino Revenue Fund Disbursements
July 1, 1989 through June 30, 1990



TOTAL EXPENDITURES–
$262.1 MILLION

During Fiscal 1990 the Casino Revenue Fund collected $227,291,000 to underwrite the cost of programs which are available to assist New Jersey's senior citizens and handicapped persons.

The $227 million collected during the year represents a slight increase compared with the $226 million collected in 1989. Since the first casino opened in 1978 the fund has collected $1,716,916,559 plus an additional $87,413,991 earned in interest.

The Casino Revenue Fund, in accordance with the 1976 constitutional referendum, must be used solely for programs to assist senior citizens and disabled persons.

The 12 operating casinos are taxed eight percent of their gross revenues or "win" each month. Gross revenue, or "win" as it is commonly called, represents the money the casinos have retained after all wagers have been paid but before any operating or extraordinary expenses have been paid.

The tax is deposited in an interest bearing account by the Department of Treasury which administers the fund.

In addition, the fund is augmented by any fines levied by the Commission against a casino or individual licenseholder who violates any provision of the Casino Control Act. Until October fines had been deposited in the Casino Control Fund which pays the operating expenses of the Commission and Division of Gaming Enforcement. Under the new system the money will be used to help underwrite the various senior citizen programs.

Included among the programs financed by the fund are utility payments, pharmaceutical assistance, real estate property tax rebates, boarding home assistance and other programs, such as senior citizen housing, home delivered meals, local and community health services, epidemiology and disease control, adult activities and social supervision.

The largest expenditure from the fund during Fiscal 1990 was $74 million for pharmaceutical assistance followed closely by $63.5 million expended for utility payments. To be eligible for these programs an applicant must be at least 65 years old or receiving Social Security disability benefits. The maximum income limit is $13,650 for single persons and $16,750 for married couples.

Additionally, during Fiscal 1990, general medical services for the aged and disabled received approximately $52.5 million while another $15.6 million was spent for transportation assistance.

Property tax rebates received $15.1 million and residential care services received $15 million. Adult activities for senior citizens and disabled received $7.4 million; boarding home regulation and assistance received $3.2 million and miscellaneous programs received a total of $15.6 million.

The cost of administering the Casino Revenue Fund is underwritten by the fund itself and is approximately three percent of the total cost of the program. The fund is not used to underwrite the state's cost of regulating the casino industry. All costs of the Casino Control Commission are borne by the casino industry through license fees, taxes and assessments. None of the costs are paid out of the general fund of the state.

PROCESSING TIME SPEED-UP

The commission in its continuing quest for a more rapid procedure in handling first time license applicants achieved a dramatic breakthrough during 1990.

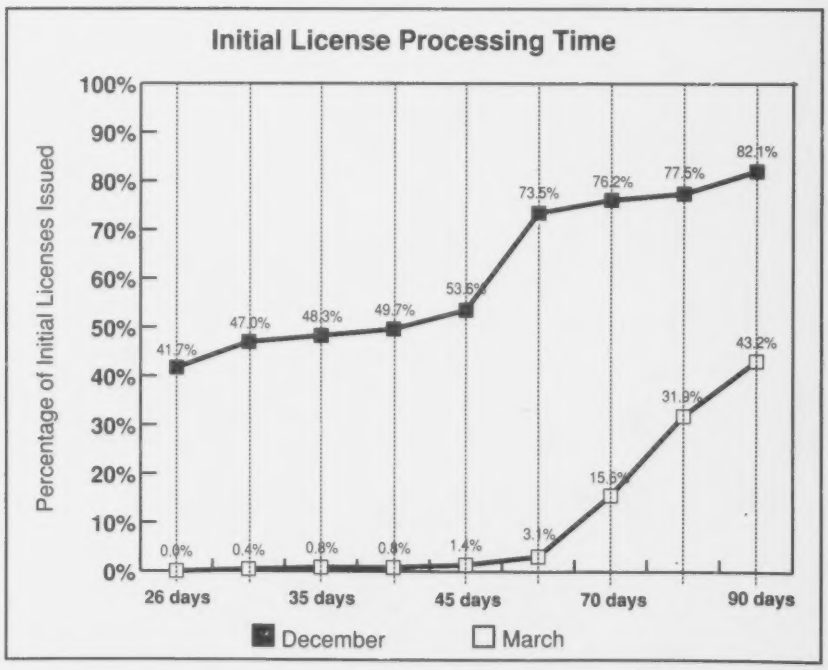
By the end of the year the License Division was processing 41 percent of all initial license requests in less than four weeks. The record is remarkable because eight months earlier less than one percent of the applications were handled within 26 days.

Moreover, licensing personnel, at the end of the year, were handling 82 percent of all initial license requests in less than 90 calendar days. In March the records show that only 43 percent of the applications were handled in 90 days.

During 1990 the License Division received 16,934 new applications for initial licenses. Since the first casino opened in 1978 the commission has licensed more than 200,000 applicants.

The improvement in the processing time is the result of the combined efforts of the commission personnel and the Division of Gaming Enforcement. Expanded hours and additional data processing equipment enabled the two agencies to respond to a call by then acting chair Valerie H. Armstrong to speed the licensing process.

The commission staff, at the urging of Chairman Steven P. Perskie, is looking for ways in the coming year to cut the time even further.



COMMISSION EEO/AA POLICY

While the Casino Control Act requires the commission to review and audit all aspects of the affirmative action programs of the 12 casinos, state laws and regulations also require the commission to develop an internal Equal Employment Opportunity/Affirmative Action program.

The commission adopts an annual EEO/AA plan which sets forth the policy statement and details the reporting lines and statistical information of the recruitment, selection and promotion of all protected classes.

Just as the commission requires that each casino provide a direct link between its Affirmative Action Officer and the CEO, the commission's Affirmative Action Officer Inez Killian reports directly to the commission chairman.

Part of the plan includes recommendations for remedial actions to correct deficiencies within the various EEO/AA categories. It also includes a listing of the commission's anticipated goals.

The commission's programs also involve the monitoring of all activities that relate to personnel and the progress made during the year.

During the past year the commission reached its goal for females in the Officials and Administrators category by hiring a black female and promoting a white female.

Also during the year a total of 86 commission personnel were promoted. Of that number 69 were females and 13 were minorities. Both the Professional and the Para-professional categories were upgraded through the promotions. Overall, the commission's compliance level is 52 percent for females and 24 percent for minorities.

In reviewing the figures in late December, Chairman Steven P. Perskie pledged that the 1991 figures will show marked improvement.

The commission also has a sexual harassment policy and cooperated with Rider College in a special scholarship for minorities.

COMMISSIONER BURDGE RETIRES

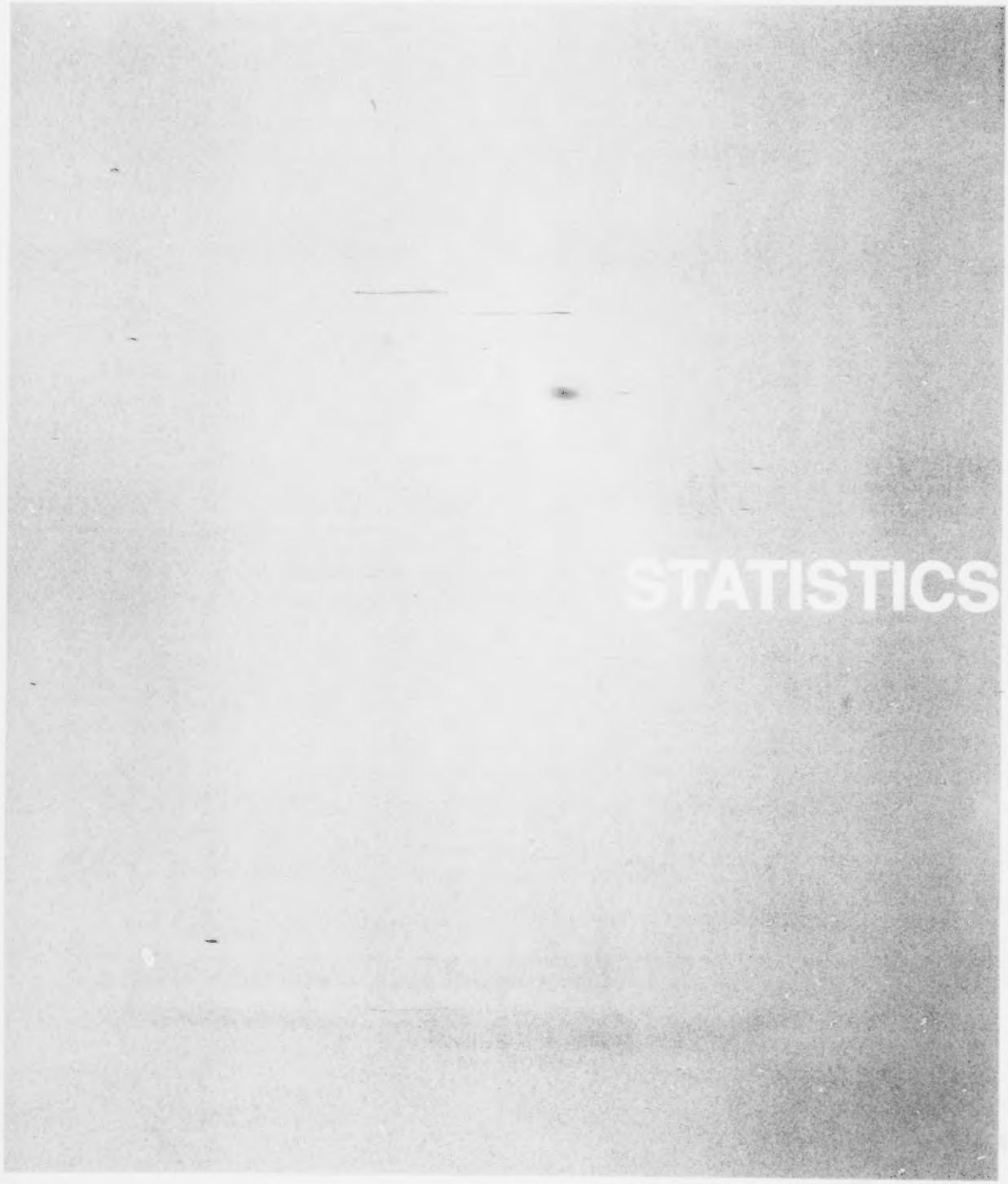
E. Kenneth Burdge retired as a member of the commission on September 28 after serving for eight years.

Burdge was appointed by former Governor Thomas Kean in December, 1982 and served until September 28, 1990. He served as vice chair in 1985.

He was replaced by Steven P. Perskie who was named chairman by Governor James J. Florio.

Burdge joined the commission after serving for many years in municipal and county government in Ocean County. With the commission much of his efforts were devoted to administrative and operational responsibilities.

At the time of his retirement Acting Chair Valerie H. Armstrong noted that Burdge's contributions were frequently overlooked by casual observers of the commission but "his caring and his contact with his fellow commissioners and staff personnel were a tremendous help to all of us. His good nature and his cooperation will be sorely missed."


STATISTICS

STATISTICS

CASINO INDUSTRY FACILITY STATISTICS

at December 31, 1989 and 1990

	Bally's Grand		Bally's Park Place		Caesars		Claridge		Harrah's Marina		Resorts	
	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
Table Games:												
Black Jack	60	62	72	74	58	58	49	50	83	76	68	70
Craps	18	18	18	18	24	24	8	12	20	22	20	20
Roulette	10	10	12	12	11	11	7	8	18	18	13	11
Big Six	4	4	4	4	4	4	1	1	2	3	4	4
Baccarat	4	2	4	2	5	5	2	3	4	4	4	3
Total Table Games	96	96	110	110	102	102	67	74	127	123	109	108
Slot Machines:												
.05 slot machines	69	68	92	93	89	89	66	66	91	104	83	89
.25 slot machines	500	589	656	706	568	706	510	527	582	621	533	735
$1 slot machines	162	194	203	193	243	234	188	125	253	266	190	209
Other slot machines[a]	630	507	710	699	850	714	558	521	856	760	844	629
Total Slot Machines	1,361	1,358	1,661	1,661	1,750	1,743	1,322	1,239	1,782	1,751	1,650	1,662
Casino Square Footage	45,442	45,442	59,996	59,996	60,000	60,000	43,579	43,054	61,387	60,364	59,896	59,849
Number of Hotel Rooms	518	518	1,201	1,214	636	644	501	501	760	760	673	681
Convention Space Square Footage	26,210	23,536	52,475	52,675	26,364	26,364	26,593	27,512	29,651	32,348	40,424	49,647
Number of Parking Spaces	1,683	1,683	2,571	1,418	2,951	858	1,268	1,336	2,480	2,754	2,535	2,535
Number of Theatre Seats	520	509	380	380	1,100	1,050	550	600	850	850	1,600	1,600
Number of Restaurants	9	10	11	11	14	13	10	8	9	9	8	12
Fixed Asset Investment[b] ($ in Millions)	$301.3	$295.3	$728.4	$675.5	$386.9	$343.2	$14.4[c]	$13.2[c]	$330.8	$299.5	$140.2	$241.9
Number of Employees	3,269	3,397	4,230	3,854	3,538	4,114	2,128	2,312	3,707	3,941	4,328	3,663

[a] Includes all other slot machines

[b] Represents property and equipment before accumulated depreciation as reported by each casino licensee

[c] Fixed asset investment for Claridge at December 31, 1989 and 1990, only includes gaming equipment because The Claridge at Park Place, Incorporated leases its property and equipment as a result of a sale and refinancing agreement

Sands		Showboat		TropWorld		Trump Castle		Trump Plaza		Trump Taj Mahal[e]		Industry Totals	
1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
62	62	66	72	105	108	73	67	78	78	102	-	876	777
18	18	19	18	20	20	17	21	20	20	30	-	232	211
12	12	10	12	14	10	12	12	12	12	23	-	154	128
3	3	2	4	3	4	2	3	3	3	6	-	38	37
4	4	6	6	5	5	7	5	4	4	6	-	55	43
99	99	103	112	147	147	111	108	117	117	167	-	1,355	1,196
72	72	90	88	119	119	86	86	92	92	158	-	1,107	966
472	563	592	658	705	705	598	749	692	767	1,398	-	7,743	7,620
173	185	154	191	173	173	231	249	208	199	294	-	2,472	2,321
674	586	890	723	1,300	1,300	756	603	737	608	1,059	-	9,864	7,295
1,391	1,406	1,726	1,660	2,297	2,297	1,671	1,687	1,666	1,666	2,909	-	21,186	18,202
50,123	50,186	59,280	58,853	90,827	90,827	60,000	60,000	60,000	60,000	120,000	-	770,530	648,571
500	500	516	516	1,014	1,014	703	700	556	536	1,250	-	8,828	7,584
26,549	26,549	44,358	45,067	52,106	52,106	44,011	52,406	27,417	27,417	142,851	-	539,009	415,627
2,081	2,595	2,534	2,534	3,776	4,381	2,816	2,816	2,773	2,858	4,320	-	31,788	25,768
840	850	1,000	1,700	1,860	1,860	1,562	1,562	750	750	5,200	-	16,212	11,711
12	12	9	12	12	12	15	10	11	10	13	-	133	119
$299.1	$281.1	$272.2	$258.0	$321.6[d]	$313.6[d]	$469.9	$456.9	$396.6	$386.4	$797.8	-	$4,459.2	$3,564.6
3,381	3,407	3,851	4,002	3,642	4,935	3,383	3,669	3,948	4,333	5,836	-	45,241	41,627

[d] Fixed asset investment for TropWorld at December 31, 1989 and 1990 does not include the original building and certain non-gaming assets because Adamar of New Jersey, Inc. leases these assets as a result of a sale and leaseback transaction

[e] Trump Taj Mahal commenced casino operations on April 4, 1990

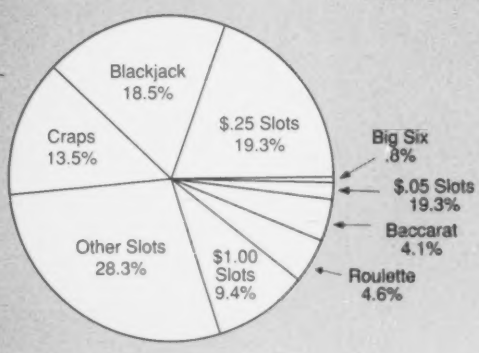
THE NEW JERSEY CASINO INDUSTRY
GROSS REVENUE AND RELATED TAX
FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989

($ in Thousands)

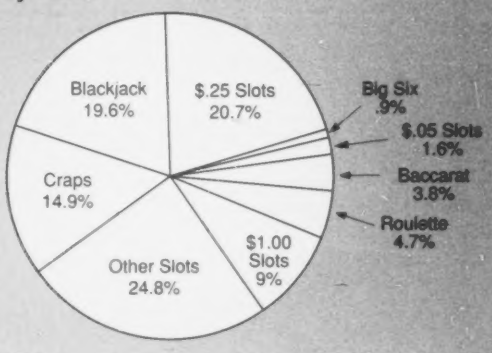
Casino Hotel	Casino Win	Daily Average Casino Win	Adjustment for Uncollectibles	Gross Revenue	Tax
Atlantis (a)					
1990	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**
1989	30,927	219	0	30,927	2,474
Bally's Grand					
1990	**$ 199,611**	**$ 547**	**$ 1,089**	**$ 198.522**	**$ 15,882**
1989	210,748	577	969	209,779	16,782
Bally's Park Place					
1990	**$ 267,987**	**$ 734**	**$ 2,439**	**$ 265,548**	**$ 21,244**
1989	278,890	764	807	278,083	22,247
Caesars					
1990	**$ 290,398**	**$ 796**	**$ 4,785**	**$ 285,613**	**$ 22,849**
1989	303,056	830	3,004	300,052	24,004
Claridge					
1990	**$ 134,686**	**$ 369**	**$ 507**	**$ 134,179**	**$ 10,734**
1989	128,641	352	575	128,066	10,245
Harrah's Marina					
1990	**$ 279,744**	**$ 766**	**$ 2,491**	**$ 277,253**	**$ 22,180**
1989	293,105	803	1,244	291,861	23,349
Resorts					
1990	**$ 204,968**	**$ 562**	**$ 1,853**	**$ 203,115**	**$ 16,249**
1989	227,384	623	1,790	225,594	18,048
Sands					
1990	**$ 230,398**	**$ 631**	**$ 5,456**	**$ 224,942**	**$ 17,995**
1989	219,492	601	3,561	215,931	17,274
Showboat					
1990	**$ 247,810**	**$ 679**	**$ 4,873**	**$ 242,937**	**$ 19,435**
1989	258,836	709	5,138	253,698	20,296
TropWorld					
1990	**$ 278,513**	**$ 763**	**$ 2,048**	**$ 276,465**	**$ 22,117**
1989	285,421	782	4,011	281,410	22,513
Trump Castle					
1990	**$ 233,870**	**$ 641**	**$ 4,273**	**$ 229,597**	**$ 18,368**
1989	264,835	726	2,397	262,438	20,995
Trump Plaza					
1990	**$ 278,707**	**$ 764**	**$ 6,254**	**$ 272,453**	**$ 21,796**
1989	305,683	837	3,590	302,093	24,167
Trump Taj Mahal (b)					
1990	**$ 304,890**	**$ 1,121**	**$ 6,077**	**$ 298,813**	**$ 23,905**
1989	–	–	–	–	–

(a) Atlantis discontinued its casino operations at 4:00 a.m. on May 22, 1989
(b) Trump Taj Mahal commenced casino operations on April 4, 1990.

Casino Win Percentage by Game

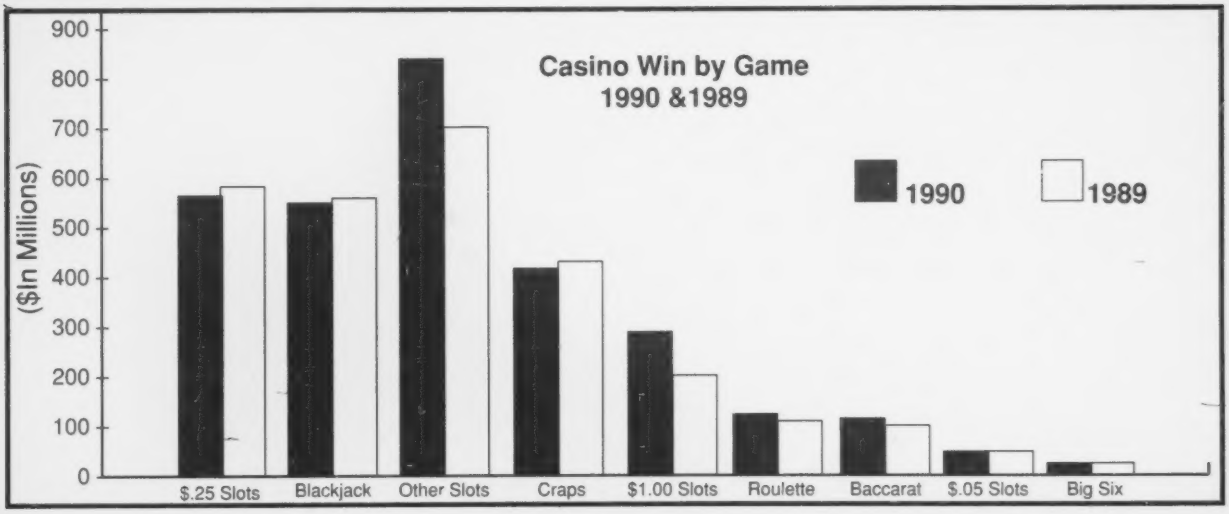


1990

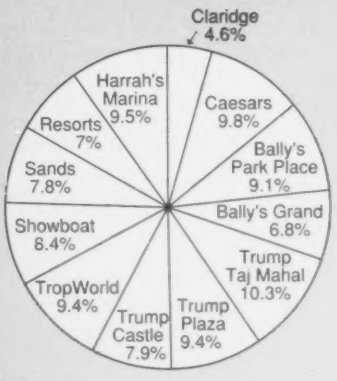


1989

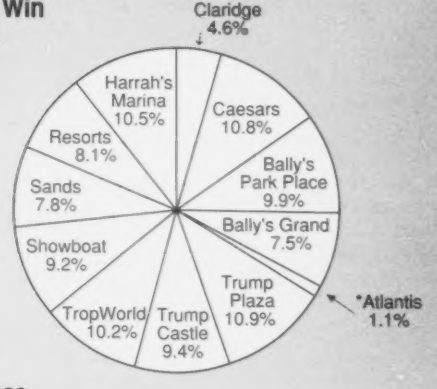
Casino Win by Game 1990 &1989



Market Share of Casino Win



1990

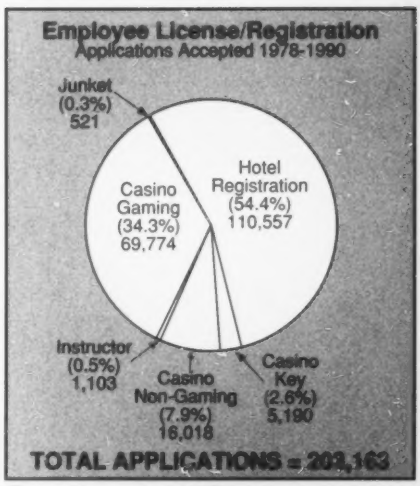


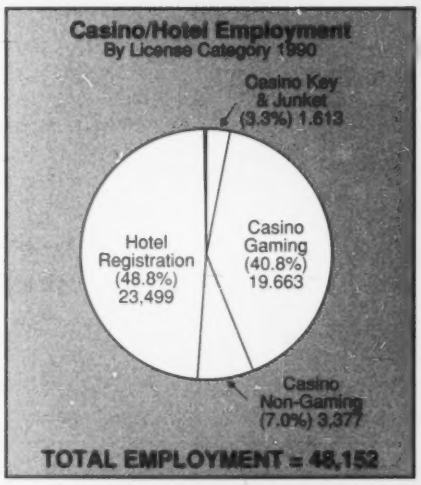
1989

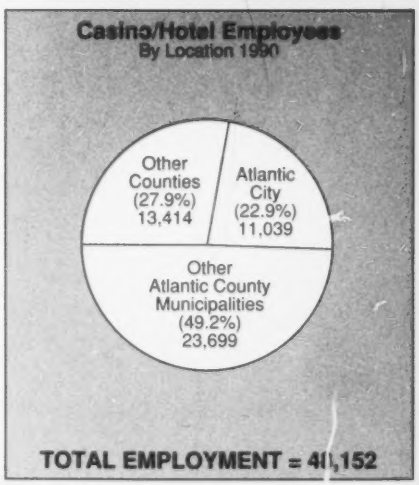
ENTERPRISE LICENSE BUREAU STATISTICS
CASINO SERVICE INDUSTRIES

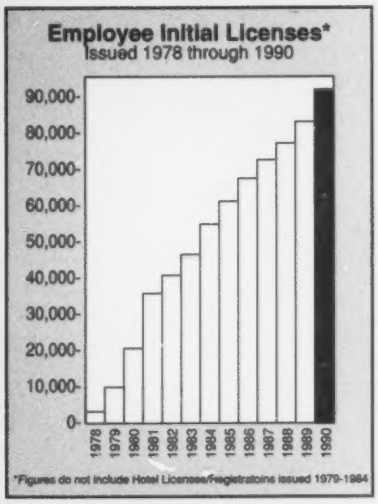
	1/1/90 to 12-31-90		Inception to 12-31-90
Enterprises permitted to conduct business with casino licensees	3,184		30,711
Enterprises prohibited from conducting business with casino licensees	275		970
Contracts reviewed	5,440		26,567
Initial Gaming Related:			
Applicants	4		142
Licenses Issued	8		63
Licenses Denied	1		6
Withdrawals Granted	3		33
Licenses Active		20	
*Renewal Gaming Related:			
Applicants	22		62*
Licenses Issued	5		13*
Licenses Denied	0		0*
Withdrawals Granted	0		0*
Licenses Active		11	
Initial Non-Gaming Related:			
Applicants	321		3,333
Licenses Issued	442		1,944
Licenses Denied	14		124
Withdrawals Granted	125		530
Licenses Active		937	
*Renewal Non-Gaming Related:			
Applicants	120		418*
Licenses Issued	159		414*
Licenses Denied	0		2*
Withdrawals Granted	16		18*
Licenses Active		342	
Exemptions granted by CCC	8		36
JUNKET ENTERPRISES			
Initial Junket Enterprises:			
Applicants	9		262
Licenses Issued	6		179
Licenses Denied	0		18
Withdrawals Granted	16		39
Licenses Active		34	
*Renewal Junket Enterprises:			
Applicants	22		39*
Licenses Issued	13		22*
Licenses Denied	0		0*
Withdrawals Granted	0		0*
Licenses Active		18	
GAMING SCHOOLS			
Applications Filed	0		17
Licenses Issued	0		10
Schools Currently Operating	4		
LABOR ORGANIZATIONS			
Registered	1		19

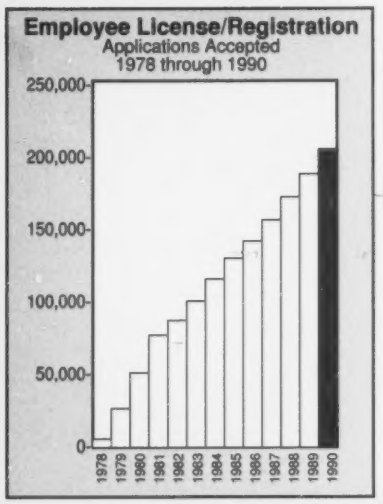
***Newly developed tracking system to account for ongoing renewal information. Cumulative figures account for the time period 1-1-88 to 12-31-90.**









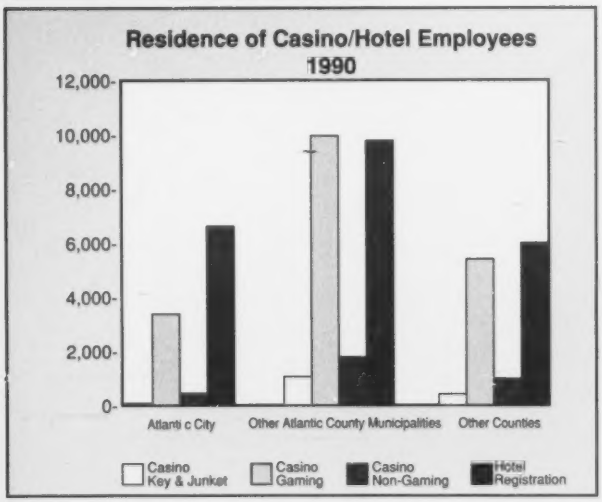


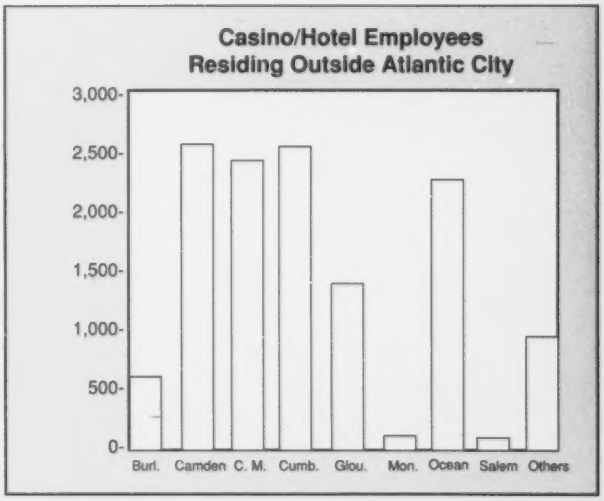
Employee License Bureau
Applications Accepted and Licenses/Registrations Issued

	1/1/90 to 12/31/90	Inception to 12/31/90
Casino Key Employees:		
Applications filed	280	5,190
Licenses issued	698	4,849
Casino Employees:		
Applications filed	5,936	85,792
Licenses issued	7,883	83,851
Junket Employees:		
Applications filed	198	521
Licenses issued	86	222
Casino Hotel Employees:		
License & registration applications filed	10,520	110,557
Licenses & registrations issued	10,520	110,451
Total Employees:		
Applications filed	16,934	203,163[1]
Plenary licenses & hotel registrations issued	19,187	200,316[2]
Temporary licenses issued	721	13,313
Position additions processed	4,612	48,898
Employee license renewals processed	13,667	109,118

[1] Applications filed from inception to 12/31/90 includes 1,103 gaming school employee applications filed.

[2] Plenary licenses & hotel registrations issued from inception to 12/31/90 includes 943 gaming school employee licenses issued.





AUDITOR REPORT

LEGISLATIVE SERVICES COMMISSION

SENATOR
JOHN A. LYNCH
Chairman

ASSEMBLYMAN

Vice-Chairman

SENATE

JOHN O. BENNETT
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LEONARD T. CONNORS, JR.
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ALBERT PORRONI
Executive Director
(609) 292-4625

RICHARD L. FAIR
STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

February 22, 1991

The Honorable James J. Florio
Governor of New Jersey

The Honorable John A. Lynch
President of the Senate

The Honorable Joseph V. Doria, Jr.
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Gentlemen:

We have audited the balance sheet of the **Casino Control Fund** of the State of New Jersey as of June 30, 1990 and 1989, and the related statement of revenues, expenditures, and changes in fund balances, and statement of revenues, expenditures and changes in fund balances, budget and actual-(budgetary basis) for the years then ended. These financial statements are the responsibility of the State of New Jersey management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Casino Control Fund** as of June 30, 1990 and 1989, and the results of its operations and changes in fund balances for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Expenditure Detail Schedule is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the same auditing procedures applied in the examination of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

Richard L. Fair
State Auditor

State of New Jersey
Casino Control Fund
Balance Sheet
June 30, 1990 and 1989

Exhibit I
(in $000)

	1990	1989
Assets:		
Accounts Receivable	$ 12,777.4	$ 11,015.8
Less: Allowance for Doubtful Accounts	1,758.7	1,682.3
Net Accounts Receivable	11,018.7	9,333.5
Due from General Fund	2,347.1	797.1
Total Assets	$ 13,365.8	$ 10,130.6
Liabilities and Fund Balance:		
Liabilities		
Accounts Payable	$ 11,313.3	$ 8,639.4
Deferred Revenue	2,052.5	1,491.0
Total Liabilities	13,365.8	10,130.4
Fund Balances		
Reserved		
Reserved for Encumbrances		
Current Year	1,855.3	2,522.8
Prior Year	54.2	71.5
Unreserved		
Undesignated	(1,909.5)	(2,594.1)
Total Fund Balances	–	.2
Total Liabilities and Fund Balances	$ 13,365.8	$ 10,130.6

( ) Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

State of New Jersey
Casino Control Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
for the Fiscal Years Ended June 30, 1990 and 1989

Exhibit II
(in $000)

	1990	1989
Revenues:		
Casinos		
Licenses		
Casino	$35,650.5	$36,444.3
Slot Machines	9,516.1	9,727.0
Alcoholic Beverage	74.9	87.0
Work Permits	115.5	129.3
Fines and Penalties	546.3	601.1
Assessments	5,973.7	5,232.0
	51,877.0	52,220.7
Credits - Prior Year Fund Balance	(.2)	(714.4)
Total From Casinos	51,876.8	51,506.3
Other Sources		
Licenses		
Casino Employees	5,544.2	4,735.2
Casino Service Industry	861.7	716.5
Slot Prototype	198.9	218.5
Fines and Penalties	76.8	38.5
Other Revenue	197.5	508.7
Total From Other Sources	6,879.1	6,217.4
Total Revenues	58,755.9	57,723.7
Expenditures		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	33,959.6	34,238.0
Government Direction, Management and Control (Casino Control Commission)	24,721.0	24,174.7
Total Expenditures	58,680.6	58,412.7
Other Decreases		
Transfers to General Fund	75.5	25.2
Total Other Decreases	75.5	25.2
Total Expenditures/Other Decreases	58,756.1	58,437.9
Net Increase (Decrease) in Fund Balances For the Year	(.2)	(714.2)
Fund Balances - Beginning	.2	714.4
Fund Balances - Ending	$ –	$ .2

( ) Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

State of New Jersey
Casino Control Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - (Budgetary Basis)
for the Fiscal Year Ended June 30, 1990

Exhibit III-A
in ($000)

	Actual	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance-Favorable (Unfavorable)
Revenues:					
Casinos					
Licenses					
Casino	$ 35,650.5	$ –	$ 35,650.5	$ 36,496.5	$ (846.0)
Slot Machines	9,516.1	–	9,516.1	9,970.4	(454.3)
Alcoholic Beverage	74.9	–	74.9	99.6	(24.7)
Work Permits	115.5	–	115.5	166.2	(50.7)
Fines and Penalties	546.3	–	546.3	–	546.3
Assessments	5,973.7	–	5,973.7	7,561.3	(1,587.6)
	51,877.0	–	51,877.0	54,294.0	(2,417.0)
Credits - Prior Year Fund Balance	(.2)	–	(.2)	–	(.2)
Total From Casinos	51,876.8	–	51,876.8	54,294.0	(2,417.2)
Other Sources					
Licenses					
Casino Employees	5,544.2	–	5,544.2	4,723.5	820.7
Casino Service Industry	861.7	–	861.7	575.5	286.2
Slot Prototype	198.9	–	198.9	282.0	(83.1)
Fines and Penalties	76.8	–	76.8	–	76.8
Other Revenue	197.5	–	197.5	75.0	122.5
Total From Other Sources	6,879.1	–	6,879.1	5,656.0	1,223.1
Total Revenues	58,755.9	–	58,755.9	59,950.0	(1,194.1)
Expenditures					
Public Safety and Criminal Justice (Division of Gaming Enforcement)	33,959.6	(385.7)	33,573.9	35,578.0	2,004.1
Government Direction, Management and Control (Casino Control Commission)	24,721.0	242.6	24,963.6	25,122.0	158.4
Total Expenditures	58,680.6	(143.1)	58,537.5	60,700.0	2,162.5
Other Decreases					
Transfers to General Fund	75.5	(75.5)	–	–	–
Total Other Decreases	75.5	(75.5)	–	–	–
Total Expenditures/Other Decreases	58,756.1	(218.6)	58,537.5	60,700.0	2,162.5
Net Increase (Decrease) in Fund Balance for the Year	$ (.2)	$ 218.6	$ 218.4	$ (750.0)	$ 968.4

( ) Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

State of New Jersey
Casino Control Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - (Budgetary Basis)
for the Fiscal Year Ended June 30, 1989

Exhibit III-B
in ($000)

	Actual	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance-Favorable (Unfavorable)
Revenues:					
Casinos					
Licenses					
Casino	$ 36,444.3	$ –	$ 36,444.3	$ 34,368.9	$ 2,075.4
Slot Machines	9,727.0	–	9,727.0	9,650.5	76.5
Alcoholic Beverage	87.0	–	87.0	–	87.0
Work Permits	129.3	–	129.3	144.0	(14.7)
Fines and Penalties	601.1	–	601.1	–	601.1
Assessments	5,232.0	–	5,232.0	11,588.0	(6,356.0)
	52,220.7	–	52,220.7	55,751.4	(3,530.7)
Credits - Prior Year Fund Balance	(714.4)	–	(714.4)	–	(714.4)
Total From Casinos	51,506.3	–	51,506.3	55,751.4	(4,245.1)
Other Sources					
Licenses					
Casino Employees	4,735.2	–	4,735.2	4,161.3	573.9
Casino Service Industry	716.5	–	716.5	747.5	(31.0)
Slot Prototype	218.5	–	218.5	-	218.5
Fines and Penalties	38.5	–	38.5	–	38.5
Other Revenue	508.7	–	508.7	271.8	236.9
Total From Other Sources	6,217.4	–	6,217.4	5,180.6	1,036.8
Total Revenues	57,723.7	–	57,723.7	60,932.0	(3,208.3)
Expenditures					
Public Safety and Criminal Justice (Division of Gaming Enforcement)	34,238.0	146.2	34,384.2	36,428.0	2,043.8
Government Direction, Management and Control (Casino Control Commission)	24,174.7	317.3	24,429.0	24,504.0	12.0
Total Expenditures	58,412.7	463.5	58,876.2	60,932.0	2,055.8
Other Decreases					
Transfers to General Fund	25.2	(25.2)	–	–	–
Total Other Decreases	25.2	(25.2)	–	–	–
Total Expenditures/Other Decreases	58,437.9	438.3	58,876.2	60,932.0	2,055.8
Net Increase (Decrease) in Fund Balances for the Year	$ (714.2)	$ (438.3)	$ (1,152.5)	$ –	$ (1,152.5)

( ) Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY
CASINO CONTROL FUND
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - **Summary of Significant Accounting Policies**

A. Fund Accounting

The Governmental Accounting Standards Board, in its Statement 1 - entitled *Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide*, continued in force the National Council on Governmental Accounting's (NCGA) Statement 1. NCGA Statement 1 defines a fund as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. These statements reflect financial reporting practices in accordance with that definition.

Special Revenue Fund

The Casino Control Fund is classified as a Special Revenue Fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

The Casino Control Fund (N.J.S.A. 52:12-143) accounts for fees from the issuance and renewal of casino licenses and other license fees. Appropriations are made to fund the operations of the Casino Control Commission and the Division of Gaming Enforcement.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

The Casino Control Fund is accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual-that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues susceptible to accrual would include casino license fees.

Appropriations are authorized by an act of the Legislature for expenditure during the fiscal year and for a period of one month thereafter. Expenditures are recorded on an accrual basis when the related liability is incurred. Modifications to the accrual basis of accounting include:

a) Disbursements for prepaid expenses, inventory items, and fixed assets are recorded as expenditures when incurred.
b) Accumulated unpaid vacation and sick pay are not accrued.

Encumbrances represented by purchase orders and contracts are recorded and reported as reservations of fund balance since they do not constitute expenditures or liabilities.

C. Revenue and Expenditure Budgets

The Casino Control Fund, as detailed in the following table, operates under a budgetary control system comprised of:

a) The Annual Appropriations Acts approved June 30, 1989 for Fiscal Year 1990, June 30, 1988 for Fiscal Year 1989, and various supplemental appropriation acts approved during the fiscal year.
b) Reappropriations (authorized by the Annual Appropriations Act) of prior year funds which are available for expenditure in the current year.
c) Appropriated Revenues (authorized by the Annual Appropriations Act) which established certain revenues as appropriations.

The above items provided the following amounts for the Fiscal Year 1990 and 1989 budgets (in $000).

	Revenue and Other Increases	
	1990	1989
Annual Appropriations Act	$59,950.0	$60,932.0
Totals	$59,950.0	$60,932.0

	Expenditures and Other Decreases	
	1990	1989
Annual Appropriations Act	$60,700.0	$60,932.0
Totals	$60,700.0	$60,932.0

Budgetary control is maintained at the program unit level.

The accompanying statements of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual-(Budgetary Basis) present comparisons of the legally adopted budget with actual data on a budgetary basis.

The State's budgetary basis of accounting differs from that utilized to present financial statements in conformance with generally accepted accounting principles (GAAP). The main difference between the budgetary basis and the GAAP basis is that under the budgetary basis encumbrances are recognized as expenditures, and the budgetary basis reflects transactions only for the current fiscal year. There were no expenditures in excess of appropriations in the Casino Control Fund.

D. Fund Balances

The fund balances of the Casino Control Fund consist of:

a) Reserved for encumbrances–used to segregate a portion of fund balance to provide for expenditure upon vendor performance of purchase agreements.

b) Unreserved-Undesignated–used to represent that portion of fund balance resources available for appropriation.

E. Fixed Assets

Fixed assets acquired with fund resources are recorded as expenditures of the fund at the time of acquisition and are also recorded in the State's General Fixed Asset Account Group.

F. Other

Other significant accounting policies are described in Notes 2 to 8.

NOTE 2 - **Due From General Fund**

Cash transactions of the Casino Control Fund are made through and by the General Fund cash acounts. The balance of cash for this fund held in the General Fund, after receipt and disbursement transactions, is accounted for and reflected in the Due From General Fund account on the Balance Sheet.

NOTE 3 - **Accounts Receivable**

Represent amounts which are collected within the one-month period subsequent to June 30, and outstanding billings applicable to June 30, 1990 and 1989. Approximately 99.6% and 94% of the outstanding billings were satisfied within a three-month period subsequent to June 30, 1990 and 1989, respectively.

NOTE 4 - **Accounts Payable**

Represent amounts due for goods and services that were received by the State prior to fiscal year end.

NOTE 5 - **Deferred Revenue**

Deferred Revenue represents Fiscal Year 1991 and Fiscal Year 1990 slot machine license billings collected and recorded in June 1990 and 1989, respectively.

NOTE 6 - **Fund Balance**

The positive fund balance as of June 30, 1989 resulted from an excess of estimated assessments made to casino licensees during Fiscal Year 1989 as provided by N.J.A.C. 19:41-9.4(f). The balance at June 30, 1989 was credited to casino licensees during Fiscal Year 1990 in the same proportion as the aforementioned assessments, pursuant to N.J.A.C. 19:41-9.19(c).

NOTE 7 - **Employee Benefit Costs**

Fringe benefit costs which include pension, health benefits, payroll taxes, and amounts for unused sick leave are originally paid by the General Fund and are charged to the Casino Control Fund using a composite fringe benefit rate.

NOTE 8 - **Interest**

The General Fund charges interest to the Casino Control Fund when disbursements exceed receipts collected and credits interest to the Casino Control Fund when receipts collected exceed disbursements made. The interest rate used during Fiscal Year 1990 and Fiscal Year 1989 was equal to the effective rate of return on investments in the General Fund and varied from 8.18% to 9.50% in Fiscal Year 1990 and from 7.12% to 9.39% in Fiscal Year 1989. The net effect of these transactions is reflected in the Transfers to General Fund account on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 9 - **Contingent Liability**

The Casino Control Fund is involved in a number of legal actions wherein there is potential for unanticipated expenditure. The exact amount involved in these legal proceedings is not fully determinable. N.J.A.C. 19:41-9.1 allows the Casino Control Fund to apportion any uncollected cost among the licensed casino facilities.

State of New Jersey
Casino Control Fund
Expenditure Detail
Fiscal Years Ended June 30, 1990 and 1989

Schedule I
(in $000)

	1990		1989	
	Public Safety and Criminal Justice	Government Direction Management and Control	Public Safety and Criminal Justice	Government Direction Managment and Control
Expenditures:				
Salaries	$ 19,853.2	$ 16,337.8	$ 19,407.1	$15,830.4
Payroll Taxes and Employee Benefits	5,935.0	4,431.9	5,301.9	3,726.3
Printing and Office Supplies	317.6	368.3	320.4	289.7
Vehicular Supplies	266.2	–	277.7	–
Travel	38.8	64.4	61.5	41.7
Telephone	369.9	165.6	589.0	186.5
Data Processing	1,298.8	1,003.7	1,624.1	891.7
Professional Services	481.6	242.1	581.2	302.2
Other Services Other than Personal	549.0	468.4	530.3	544.7
Rent-Facilities	2,324.9	1,091.1	2,099.2	1,216.9
Rent-Automobiles and Other	242.5	119.5	258.4	130.7
Indirect Costs	1,880.7	120.9	2,135.9	166.0
Office Equipment	143.8	171.7	86.9	736.0
Vehicular Equipment	(140.9)	–	462.2	–
Other Equipment	398.5	135.6	502.2	111.9
Total Expenditures	$ 33,959.6	$ 24,721.0	$ 34,238.0	$24,174.7

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